

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
FRANCHISE GROUP, INC., <i>et al.</i> , ¹)	Case No. 24-12480 (LSS)
)	
)	(Jointly Administered)
)	
Debtors.)	<u>Objection Deadline:</u>
)	March 21, 2025 at 4:00 p.m. (ET)

**SUMMARY OF FIRST COMBINED MONTHLY FEE
STATEMENT OF ERNST & YOUNG LLP AS TAX, VALUATION, AND
ACCOUNTING SERVICES PROVIDER TO THE DEBTORS FOR COMPENSATION
FOR PROFESSIONAL SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED FOR THE PERIOD FROM NOVEMBER 3, 2024
THROUGH AND INCLUDING DECEMBER 31, 2024**

Name of Applicant:	Ernst & Young LLP
Authorized to Provide Professional Services to:	Debtors and Debtors in Possession
Date of Retention:	November 3, 2024 (order entered January 7, 2025)

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Period for which compensation and reimbursement is sought:	November 3, 2024 through December 31, 2024
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Amount of Compensation sought as actual, reasonable and necessary:	\$105,030.00
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80% of Compensation sought as actual, reasonable and necessary:	\$84,024.00
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Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	\$0.00
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This is a(n) X monthly ____ interim ____ final application.

This application includes 0 hours and \$0.00 in fees incurred in connection with the preparation of fee applications.

No prior application has been filed with respect to this Fee Period.

SUMMARY OF BILLING BY PROFESSIONAL
NOVEMBER 3, 2024 THROUGH AND INCLUDING DECEMBER 31, 2024

Name	Rank	Time	Hourly Rate	Total Individual Fees
Anwer, Sarah	Senior	14.5	\$400.00	\$5,800.00
Arbogast, Tyler	Partner	0.3	\$1,250.00	\$375.00
Bakke, Don	Partner	1.0	\$1,250.00	\$1,250.00
Dubroff, Andy	Executive Director	1.0	\$1,150.00	\$1,150.00
Escobedo, Mary	Senior	2.0	\$600.00	\$1,200.00
Gatt, Katie	Senior Manager	4.2	\$950.00	\$3,990.00
Hallford, Stephanie	Manager	1.9	\$625.00	\$1,187.50
Hsiao, Elicia	Senior Manager	9.7	\$950.00	\$9,215.00
Huynh Tho vo, Le	Staff	7.7	\$225.00	\$1,732.50
Korbutt, Brian	Partner	19.5	\$1,250.00	\$24,375.00
Leno, Georges	Executive Director	11.5	\$750.00	\$8,625.00
Lewis, Jason	Staff	22.5	\$250.00	\$5,625.00
Lowe, Chade	Senior Manager	6.6	\$600.00	\$3,960.00
O'Connor, Lily	Senior	2.5	\$300.00	\$750.00
O'Connor, Lily	Senior	15.3	\$600.00	\$9,180.00
Owen, Karen	Staff	1.0	\$275.00	\$275.00
Summers, Caroline	Staff	20.8	\$250.00	\$5,200.00
Tucker, Howard	Partner	1.0	\$1,250.00	\$1,250.00
Wagler, Derrick	Partner	1.0	\$900.00	\$900.00
Wagler, Derrick	Partner	1.5	\$1,250.00	\$1,875.00
Winfrey, Kelly	Senior Manager	0.5	\$650.00	\$325.00
Winfrey, Kelly	Senior Manager	9.0	\$750.00	\$6,750.00
Winfrey, Kelly	Senior Manager	8.2	\$950.00	\$7,790.00
Yuan, Kris	Staff	9.0	\$250.00	\$2,250.00
	Non-Fixed Fee Total	172.2		\$105,030.00

Name	Rank	Time	Hourly Rate	Total Individual Fees
Doherty, Julia	Senior	54.2	Fixed Fee	
Huynh Tho vo, Le	Staff	25.0	Fixed Fee	
Lane, Adam	Staff	57.1	Fixed Fee	
O'Connor, Lily	Senior	41.4	Fixed Fee	
Rossy, Alberto	Senior Manager	0.5	Fixed Fee	
Wagler, Derrick	Partner	1.0	Fixed Fee	
Winfrey, Kelly	Senior Manager	16.8	Fixed Fee	
	Tax Compliance -Fixed Fee Total	196.0		\$0.00

	Consolidated Total	368.2		\$105,030.00
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Blended Hourly Rate: \$285.25

STATEMENT OF FEES BY PROJECT CATEGORY
NOVEMBER 3, 2024 THROUGH AND INCLUDING DECEMBER 31, 2024

Time Category	Category Descriptions	Total Hours	Total Fees
State Notice and State Audit Assistance	Assistance with state notices and state audits.	10.7	\$2,807.50
IRS Audit Assistance	Assistance with the Franchise Group New HoldCo, LLC 2019 IRS audit and Appeals process.	0.5	\$375.00
Debt Restructuring Tax Assistance	Assistance with tax implications of various restructuring scenarios.	63.7	\$61,650.00
Valuation Assistance	Annual goodwill and long lived asset impairment testing.	73.4	\$22,835.00
Accounting Assistance	Assistance with technical accounting applicable standard for financial reporting.	11.5	\$8,625.00
Routine On-Call Services	Miscellaneous assistance related to bankruptcy administration along with request and review of IRS transcripts as a result of a notice.	12.4	\$8,737.50
Tax Compliance	December 2023 tax compliance.	196.0	\$0.00
Total		368.2	\$105,030.00

Non-Fixed Fee Total		172.2	\$105,030.00
Tax Compliance -Fixed Total		196.0	\$0.00
Consolidated Total		368.2	\$105,030.00

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

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) Chapter 11
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) Case No. 24-12480 (LSS)
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) (Jointly Administered)
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) **Objection Deadline:**
) **March 21, 2025 at 4:00 p.m. (ET)**

**FIRST COMBINED MONTHLY FEE STATEMENT OF ERNST & YOUNG LLP
AS TAX, VALUATION, AND ACCOUNTING SERVICES PROVIDER TO THE
DEBTORS FOR COMPENSATION FOR PROFESSIONAL SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED FOR THE PERIOD FROM
NOVEMBER 3, 2024 THROUGH AND INCLUDING DECEMBER 31, 2024**

Pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 2016-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and the

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Estate Professionals [D.I. 353] (the “Interim Compensation Order”), Ernst & Young LLP (“EY LLP”) hereby files this first combined monthly fee statement (this “Monthly Fee Statement”), for allowance of compensation for professional services performed by EY LLP during the period commencing November 3, 2024 through and including December 31, 2024 (the “Fee Period”). In support of the Monthly Fee Statement, EY LLP respectfully states as follows:

Background

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a voluntary petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On January 7, 2025, the Court entered the *Order (I) Authorizing the Retention and Employment of Ernst & Young LLP as Tax, Accounting and Valuation Services Provider Effective as of November 3, 2024, and (II) Granting Related Relief* [D.I. 669] (the “Retention Order”) authorizing the retention and employment of EY LLP as the Debtors’ tax, accounting, and valuation services provider, effective as of the Petition Date.

Relief Requested

3. By this Monthly Fee Statement and in accordance with the Interim Compensation Order, EY LLP makes this application for (i) allowance of compensation in the amount of \$105,030.00 for reasonable and necessary professional services rendered, (ii) payment of compensation in the amount of 80% thereof (*i.e.*, \$84,024.00) and (iii) payment of \$0.00 for actual and necessary expenses incurred.

A. Compensation Requested

4. The services performed by EY LLP during the Fee Period included tax, accounting, and valuation services approved pursuant to the Retention Order. Attached hereto as **Exhibit A** is a detailed itemization, by project category, of all services performed by EY LLP during the Fee Period with respect to the Chapter 11 Cases. This detailed itemization complies with Local Rule 2016-1 in that (a) each time entry contains a separate time allotment, a description of the type of activity and the subject matter of the activity; (b) all time is billed in tenth-hour increments; (c) time entries are presented chronologically in categories; and (d) all meetings are detailed with specificity and individually identified.

5. The timekeepers who rendered services related to each category are identified in **Exhibit A**, along with the number of hours for each individual, the position of each individual, and a description of the specific tasks performed by each individual. All services for compensation were performed for, or on behalf of, the Debtors.

B. Expense Reimbursement

6. EY LLP did not incur any out-of-pocket expenses during the Fee Period.

Valuation of Services

7. EY LLP's professionals have expended a total of 368.2 hours in connection with this matter during the Fee Period.

8. The amount of time spent by each of EY LLP's professionals providing services to the Debtors for the Fee Period is set forth in **Exhibit A**. The rates charged are EY LLP's normal hourly rates of compensation for work of this character. The reasonable value of the services rendered by EY LLP for the Fee Period as tax, accounting, and valuation services provider for the Debtors in the Chapter 11 Cases is \$105,030.00 (80% thereof is \$84,024.00).

9. EY LLP believes that the time entries included in **Exhibit A** are in compliance with the requirements of Local Rule 2016-1.

10. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (a) the complexities of the Chapter 11 Cases; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services; and (e) the costs of comparable services other than in a case under this title.

WHEREFORE, EY LLP respectfully requests that the Court (i) approve the Monthly Fee Statement and (ii) grant such further relief as is just and proper.

February 28, 2025

/s/ Andrea Hill

Andrea Hill
Partner/Principal
Ernst & Young LLP

CERTIFICATION OF ANDREA HILL

I, Andrea Hill, pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief, and after reasonable inquiry, hereby certify that:

1. I am a Partner/Principal with Ernst & Young LLP (“EY LLP”), and I am duly authorized to make this certification on behalf of EY LLP. EY LLP was retained by Franchise Group, Inc. and its affiliated debtors (collectively, the “Debtors”). This certification is made in support of the *First Combined Monthly Fee Statement of Ernst & Young LLP as Tax, Accounting, and Valuation Services Provider to the Debtors for Compensation for Professional Services Rendered and Reimbursement of Expenses Incurred for the Period from November 3, 2024 Through and Including December 31, 2024* (the “Monthly Fee Statement”) and in compliance with rule 2016-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

2. I have read the Monthly Fee Statement, and I certify that the Monthly Fee Statement substantially complies with Local Rule 2016-1.

3. The facts set forth in the foregoing Monthly Fee Statement are true and correct to the best of my knowledge, information, and belief.

February 28, 2025

/s/ Andrea Hill
Andrea Hill
Partner/Principal
Ernst & Young LLP